99TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
99-722

ASSISTANCE FOR DEMOCRACY ACT OF 1986

JULY 30, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. FASCELL, from the Committee on Foreign Affairs, submitted the following

SEP 3 1986

REPORT

U. S. GOVT. PUBS.
DEPOSITORY 378

together with

ADDITIONAL, DISSENTING, AND SUPPLEMENTARY VIEWS

[To accompany H.R. 5081]

[Including cost estimate of the Congressional Budget Office]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 5081) to authorize additional economic and military assistance for the Philippines, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendment to the text of the bill is a complete substitute therefor and appears in italic type in the reported bill.

The title of the bill is amended to reflect the amendment to the text of the bill.

The amendments are printed in the appendix of this report.

PRINCIPAL PURPOSES

The purposes of H.R. 5081, as amended are as follows:

To provide supplemental Fiscal Year 1986 economic and military assistance to the Philippines;

To earmark, pursuant to conditions, economic assistance funds for Haiti and to place certain limitations on the provision of military assistance to that country;

To increase Fiscal Year 1987 authorization levels for international narcotics control;

To increase Fiscal Year 1987 authorization levels for the Child Survival Fund; and

Y1.1/8:

To reduce other authorization levels to offset these increases.

COMMITTEE ACTION

On June 24, 1986 the Hon. Stephen J. Solarz, chairman of the Subcommittee on Asian and Pacific Affairs introduced H.R. 5081, the Philippines Assistance Act of 1986. This bill authorizes additional economic and military assistance to the Philippines.

The subcommittee held an open markup session June 26, 1986 and approved H.R. 5081, as amended, for full committee action. The Committee on Foreign Affairs considererd H.R. 5081 in open markup session on July 23, 1986 and agreed to an amendment in the nature of a substitute. H.R. 5081 was subsequently ordered reported, as amended, by a vote of 27 to 2, with one member voting present.

BACKGROUND AND COMMITTEE COMMENT

TITLE I—THE PHILIPPINES

Title I of H.R. 5081, as amended, has two main components. First, it authorizes the $150 million in supplemental assistance ($100 million in economic support fund [ESF] assistance and $50 million in grant military assistance) requested by the executive branch and appropriated in the recently enacted Urgent Supplemental Appropriations Act, 1986. By actions taken in that same Act, this assistance was offset by corresponding reductions in the defense portion of the Fiscal Year 1986 budget.

Second, title I authorizes an additional $250 million in Fiscal Year 1986 grant economic support fund assistance to the Philippines to be provided in the form of a cash transfer in Fiscal Year 1986 for budget support. In the committee's judgment, these funds are badly needed to help the Aquino Government overcome the severe economic difficulties currently confronting it. Approximately 70 percent of the Filipino population is now living below the poverty line as defined by the Center for Research and Communications in Manila. Gross National Production has declined in real terms in each of the last 2 years. The Philippines' foreign debt is a staggering $26 billion, and servicing this debt requires almost 50 percent of the Philippines' annual foreign exchange earnings.

The Aquino government has undertaken an ambitious program of economic reform to revive the Philippine economy, including breaking up a number of monopolies and initiating a process of privatization for many government-owned corporations. But the reform process is a costly one. Even after making a number of budget cuts, and after taking into account the $200 million in budget support that the United States has already supplied to the Philippines in Fiscal Year 1986, the Philippine Government anticipates a budget deficit of at least $1.1 billion this year. Unless it enacts a counterproductive austerity program—on top of the numerous austerity measures that have already been taken—or engages in large scale commercial borrowing that it can't afford, the Aquino government will still need additional foreign assistance from the United States and other donors in order to reduce this deficit.

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In view of the United States' enormous strategic interest in the Philippines, including access to the vitally important Clark Air Force Base and Subic Naval Base, it is the committee's judgment that a $250 million investment in helping the Aquino Government overcome its daunting problems is well worth the price.

At a hearing held by the Subcommittee on Asian and Pacific Affairs and at the committee's markup of this legislation, strong support was expressed for the programs of the Asian-American Free Labor Institute (AAFLI) in the Philippines. In view of the increasingly important role that the free labor movement is playing in the Philippines, the Committee is disappointed that the executive branch has proposed to reduce the funding for AAFLI, which provides substantial support for the labor movement. It is the committee's hope that the Government of the Philippines will give serious consideration to utilizing some of the funds provided in this act to help AAFLI's programs in the Philippines. In addition, the committee urges the executive branch to reconsider its funding allocations for AAFLI and to restore all funds that have been cut.

TITLE II—HAITI

On February 7, 1986 the Haitian people, after months of remarkably peaceful demonstrations, succeeded in liberating themselves from almost three decades of brutal repression. The demands of the people throughout Haiti have been stated succinctly yet eloquently in Creole in both popular demonstrations and in slogans written on walls. The demands are for "each 4 years" and for "up-rooting." The first is a call for popular elections of the President, each 4 years, while the second is a demand for the overthrow of the old mechanisms of political and economic repression and the establishment of a government committed to economic and social justice.

Americans have shared in the joy of Haitians, as we did of Filipinos, in their celebrations of the rebirth of freedom in their homeland. We have been touched by Haitian popular displays of affection for the United States.

Recognizing the bonds that unite freedom loving people everywhere, the committee believes that it is essential for the United States to assure that Haiti, our close neighbor, and the second oldest republic in the hemisphere, receive sufficient economic assistance in the period ahead to assist the Haitian people in achieving the democracy they seek and in laying the groundwork for sustained economic and social development. The committee recognizes that the tasks that lie ahead are essentially those which must be principally the responsibility of the Haitian people themselves and that the United States alone will not be able to do more then help in concert with other nations and international organizations.

Haiti is now governed by an interim government, the Council of National Government (CNG) largely dominated by military figures formerly loyal to the previous dictatorship. The Government has, however, appointed a largely civilian cabinet and has taken steps to end corruption; disarm the Volunteers for National Security (VSN), an irregular security force known as the Ton-Ton Macoutes; bring to justice former officials who violated human rights; and seek the return of wealth stolen by the previous regime. Important-

ly the Government has publicly announced a schedule for the drafting of a constitution and for the holding of local and national elections. The interim government appears to have the support of the Haitian people.

Optimism and hope characterize the Haiti of today. This contrasts sharply with the spirit of the last 30 years and unfortunately with the bleak economic reality of this impoverished nation. Expectations in Haiti are high, but it will be difficult for the interim government or its successor to meet the expectations for quick economic improvements given the severity of the problems Haiti faces. Thus there is a risk that frustration over the lack of quick progress will endanger the very processes of political and economic reform which are the key to a better future. Inherent in this dilemma is the risk that some may blame the United States for events beyond our influence. Such a risk, in the view of the committee, should not deter the United States from assisting Haiti.

Haiti stands at a crossroads: Up one road lies the chance for a better future; down the other lies more of the same repression and poverty that too long has been Haiti's lot. Much is at stake, for this may be the last crossroads in Haitian history because the nation is tottering on the brink of economic catastrophe. It is thus critically important that Haiti seize this chance to reform itself. With so much potentially depending on decisions to be made in the months ahead it is important that the United States be prepared to play a positive and constructive role, consistent with the wishes and desires of the Haitan people. The committee believes that it is essential for the United States to support Haiti and that an appropriate level of economic assistance for fiscal year 1987 should be at least twice the level which the executive branch proposed to be given to the former Government of Haiti.

Haiti is, by a significant degree, the poorest nation in the Western Hemisphere and one of the poorest in the entire world. Six million people inhabit a steeply mountainous nation the size of Maryland. The once lush tropical site that was 60 percent forested in 1923 is now less than 5 percent forested. Population pressure, and the cutting of wood for construction and charcoal for fuel have denuded much of the land and allowed rain to wash once useful soils into the sea. Moreover, for 30 years the economy was mismanaged both through neglect and design as a corrupt elite increasingly used political power to shape the economy for their own enrichment. Reversing this legacy will be a monumental task for the Haitian people and one which will require the help and understanding of people throughout the world, including the United States.

Haiti's environmental degradation and economic mismanagement are reflected in the stark poverty confronting virtually the entire population. Unemployment is near 50 percent with some observers believing the figure may be much higher. Health services and sanitation facilities are only a dream for most of the population with only 10 percent of the people having access to potable water. Hunger and malnutrition are commonplace and in some areas infant mortality is as high as 20 percent. Annual average per capita income is $380 and in many rural areas is closer to $150. Population densities per unit of arable land are among the highest in the world, twice that of India. Clearly Haiti's needs are im-

mense. Recognizing that Haiti's development needs are long term in nature, the committee believes that U.S. assistance over the coming year should be structured in such a way as to afford maximum observable short-term impact and visibility consistent with sound long-term development plans. Thus the committee believes that assistance over the next year can most usefully be used by emphasizing job creation, and through rural development, health care and sanitation, small-scale irrigation, reforestation and land conservation, and literacy education. Recognition by the Haitian people of how their own efforts have produced tangible benefits can strengthen the political and economic climate which will make possible the sustained effort required to further Haiti's development.

The committee commends the interim Government of Haiti for the steps it has already taken to end corruption and to institute effective fiscal and financial controls. Such steps are fundamental to reestablishing the credibility of government institutions to carry out their important responsibilities. In the past the absence of viable and effective Haitian Government institutions has made it more difficult for international donors, including the United States, to assist Haiti's development and has made it necessary for many donors to rely on private voluntary organizations. In the view of the committee such private organizations, including indigenous Haitian organizations, will have to continue to play a major role in the years ahead. The committee, however, recognizes that revitalized Haitian government institutions may increasingly become appropriate vehicles for the effective delivery of economic assistance.

Efforts to revitalize Haiti's economy will not be successful without the active participation of the private sector. The Haitian Government has made a commendable beginning in reforming economic structures in Haiti which undercut private initiative and artificially channeled profits into selected hands. Haiti needs to encourage both investment of domestic savings and foreign investment in order to create needed jobs. The committee is encouraged that the Government of Haiti recognizes the importance of policies which will encourage expanded activity by the private sector. The committee approves of efforts already undertaken by the executive branch to encourage the U.S. private sector to explore investment and trade possibilities in Haiti. In this connection, the committee encourages the Agency for International Development to consider funding special representatives in Department of Commerce field offices who would specialize in advising American businesses of opportunities which might exist in Haiti or other countries qualifying under the Caribbean Basin Initiative. Further, the committee urges the Department of Commerce to give high priority to the establishment of a commercial attache's office in Haiti.

The committee is encouraged by the growth in the free trade union movement in Haiti. The committee notes that the establishment of free labor unions requires that the right of all employees to self organization and to form, join, or assist labor organizations freely and without penalty or reprisal, or to refrain from such activities, be secured. A measure for determining if the Government of Haiti is meeting the conditions set out in section 202(b) will be affirmative actions to protect such labor rights. The committee also believes that U.S. firms have an important responsibility to pro-

mote fair labor principles and encourages all United States firms in Haiti: to establish a minimum wage and salary structure based on the appropriate local minimum economic level which takes into account the needs of employees and their families; and to take reasonable steps to improve the quality of employee's lives outside the work environment with respect to housing, transportation, schooling, and health.

A vital component of any democratic society is a free press. The committee is pleased to note the vigor with which people in Haiti have availed themselves of the opportunity to express themselves in an unfettered manner in newspapers, journals and on radio and television. Without freedom of the press freedom of speech can be a hollow right. In conditioning economic and military assistance on protection of freedom of speech the committee underscores the importance it attaches to safeguarding the rights of journalists, broadcasters, editors and publishers and others to freely express their views.

The committee ordinarily has not placed human rights conditions on economic assistance for specific countries. It has done so in this legislation to underscore the importance it attaches to Haiti's continued progress toward democracy and the full securing of human rights. As positive as developments have been in Haiti, especially as contrasted with the last 30 years, there is still serious and abiding concern that gains made in the name of democracy could still be lost. Human rights problems persist. The Haitian Armed Forces are still led by officers who served a government responsible for gross violations of human rights. A number of incidents involving serious human rights abuses since the revolution have not yet been adequately investigated nor have those responsible been identified or prosecuted. The committee believes that it is essential that the Government demonstrate its commitment to human rights by investigating and prosecuting those responsible for human rights abuses both before and after February 7, 1986.

The committee acknowledges that the interim Government has taken steps to try those responsible for human rights abuses and emphasizes its concern that such trials be conducted in a manner fully consistent with recognized standards of due process and the rule of law. In conditioning economic assistance on the maintenance of a free and independent judiciary the committee is emphasizing the importance of a free and independent judiciary to a democratic society and to the protection of human rights and the maintenance of the rule of law. The committee intends that U.S. assistance be available to assist Haiti in improving the administration of justice.

Further, the committee believes that the interim Government should specifically affirm the rights of all Haitians to form and participate in political parties, and religious and civic organizations of their own choice, without government interference and with full protection for their fundamental rights. Finally, the committee notes that a key measure for determining if the Government of Haiti is establishing a framework for free and open elections as required in section 202(b) will be the establishment and operation of an independent, nonpartisan election body to conduct the prepara-

tion for and holding of elections leading to a democratically elected civilian government.

The committee applauds the determined efforts of the interim government to take legal actions throughout the world to attempt to recover funds and other properties allegedly stolen by persons associated with the Duvalier regime. Recovery of such funds in sufficient amounts could have a substantial beneficial impact on Haitian Government revenues and on Haiti's efforts to improve its economy and foster the nation's development. The committee believes that the U.S. Government should support Haiti's efforts to have its claims evaluated before courts of appropriate jurisdiction. In this connection the committee notes that in some instances Haiti has encountered difficulty in posting collateral required to seek court adjudication of its claims. The committee believes that the U.S. Government should seek appropriate ways by which to assist Haiti in overcoming this special problem and, if necessary, consider providing economic support funds to Haiti for this purpose.

In determining whether or not to provide military assistance to Haiti prior to the installation of a civilian government, the committee faced a dilemma. The Haitian Armed Forces are still led by officers which had served a dictatorial regime responsible for gross human rights abuses. Yet the same military had overcome its personal loyalty to Haiti's President-for-Life; actively supported his ouster at the end; and have supported the interim Government, which is committed to a transition to democracy through a publicly announced schedule of elections. In the final analysis the committee has concluded that it is in the best interests of the United States to provide limited, nonlethal assistance to promote the reform of a military which would recognize the importance of respect for human rights and the necessity of acceptance of civilian control. The committee has carefully limited the military assistance and set forth a series of strict conditions which must be certified by the President before even limited assistance can be provided. Moreover, the President is required to report every 3 months to the Congress on Haiti's adherence to the specified conditions.

The bill provides that no military assistance be provided to Haiti until the President has certified to Congress that Haiti has taken certain actions specified in section 203(b). The bill further provides that following certification funds may be obligated only if specified congressional committees are notified of the details of the proposed assistance 15 days in advance of such obligation. The bill further provides that half of the assistance be withheld from delivery until the President submits to Congress the first of a required series of reports on the extent to which the actions of the Government of Haiti are consistent with the provisions of section 203(b). In setting forth these stringent requirements it is the intention of the committee that military assistance to Haiti be provided in a very cautious and careful manner that lends maximum support to the transition to democracy. It is the committee's expectation that military assistance will be provided in a phased manner which will encourage actions by the Government of Haiti consistent with the provisions of section 203(b). Should the Government of Haiti fail to act in a manner consistent with the conditions on assistance to which

the President has certified, it is the expectation of the committee that all further military assistance to Haiti will cease.

At the present time, Haiti does not face any external military threat. The armed forces, however, constitute the nation's sole public security force, incorporating what are seen in the United States as regular military forces, the national and city police force, and the fire and ambulance services. Together these forces include about 7700 personnel. These forces are, for the most part, ill-trained and poorly equipped.

Both the committee and other independent observers believe that it is essential for the Haitian Armed Forces, especially the Dessalines Tactical Batallion, the Leopards, the Presidential Guard, and the Service Detectif to be reformed and reorganized to reflect Haiti's real needs and to enhance their effectiveness. The committee believes that an effective reform and reorganization of the Haitian Armed Forces consistent with a transition to democracy, the rule of law, constitutional government and an elected civilian government will require that these units be restructured to perform functions other than internal security, such as securing the borders of Haiti and civic action with respect to rebuilding the infrastructure of Haiti. The committee believes that such a restructuring will require new command and control and the dispersal or dismantling of these units into other newly formed units.

SECTION-BY-SECTION ANALYSIS OF THE BILL AS AMENDED

TITLE I—PROMOTING DEMOCRACY IN THE PHILIPPINES

Section 101—Findings concerning the Philippines

This section contains a congressional finding that the ability of the Philippine Government to rebuild the social and economic institutions necessary to achieve growth, prosperity, and stability will depend on both the Government's ability to undertake significant economic and military reforms, and the willingness of the United States and other donors to assist the reform effort.

Section 102—Authorizations of additional economic and military assistance for the Philippines

This section authorizes $350 million in economic support fund assistance and $50 million in grant military assistance for the Philippines in fiscal year 1986. Of the $250 million in additional economic assistance, $248,950,000 is to be provided as a cash transfer in fiscal year 1986 for budget support, and $1,050,000 is to be transferred to the Peace Corps for programs in the Philippines under the Peace Corps Act.

Section 103—Requirement for segregated account for economic assistance funds

In order to facilitate the monitoring of the economic support fund assistance provided to the Philippines under this act, this section directs that this assistance (in dollars) must be deposited in a segregated Philippine Government account and maintained separately from other funds of the Government of the Philippines.

In light of a recent General Accounting Office report, which indicated the difficulty of monitoring the utilization of ESF funds which were not kept in segregated accounts and were commingled with funds of the recipient country, the committee believes that, in the future, serious consideration should be given to requiring all ESF recipients to deposit their ESF funds in separate accounts that can be readily audited. Maintaining a separate account for such funds will enhance the ability of auditors to monitor the expenditure of these funds, by providing an improved audit "trail". This requirement for a separate account is not intended to make these funds subject to laws inconsistent with the cash transfer nature of the assistance.

Section 104—Prohibition on use of previously appropriated funds to provide additional economic assistance for the Philippines

This section states that the $250 million in supplemental economic support funds authorized by paragraph (1)(B) of section 102 may not be funded by the transfer of funds previously appropriated for other purposes. This provision makes binding the committee's intent that this $250 million be provided as new money, rather than as a reprogramming or transfer of previously appropriated funds. Thus, in addition to this authorization, a supplemental appropriation of $250 million will be required to carry out the intent of this act.

Section 105—Repeal of limitations

This section repeals subsections (d) and (e) of section 901 of the International Security and Development Cooperation Act of 1985, which were enacted before the current government came to power. Subsection (d) specifies ceilings and earmarks for economic and military aid to the Philippines that are inconsistent with the committee's decision to provide supplemental assistance. Subsection (e) prohibits the provision of lethal military assistance to the Philippines. The committee believes that this prohibition is no longer necessary, because of the military and political reforms that have been enacted by the Aquino government.

The committee notes its strong support for those subsections of section 901 that were not repealed and which remain in effect. These subsections state the Congress' support for comprehensive military, political, and economic reforms in the Philippines. While the committee realizes that there has been a change of government in the Philippines since enactment of the International Security and Development Cooperation Act of 1985, it continues to be concerned that reforms proceed in an expeditious fashion.

The committee commends the Government of President Aquino for its efforts to investigate past violations of human rights and to bring to justice those responsible for these abuses. We encourage further efforts to prevent abuses and ensure respect for human rights in the Philippines.

Section 106—Filipino-American contributions of professional services to assist development efforts in the Philippines

This section expresses the Congress' intent that the Agency for International Development use some of the funds allocated for de-

velopment assistance purposes to support private voluntary organization programs in the Philippines which utilize the skills of Filipino-Americans who are willing to provide these skills on a voluntary basis. The committee strongly believes that a major effort should be made to tap the pool of distinguished professional talent within the Filipino-American community in the United States, which could be of tremendous assistance to various economic development programs in the Philippines.

TITLE II—PROMOTING DEMOCRACY IN HAITI

Section 201—Findings concerning Haiti

This section sets forth the findings of Congress with respect to the current situation in Haiti.

Paragraph (1) of this section finds that the interim Government of Haiti, established following the departure of the former dictator, is committed to the restoration of democracy. This paragraph states further that the establishment of the interim government, known as the Council of National Government (CNG), provides Haiti with an opportunity to build the political, social, and economic institutions necessary to promote Haiti's development and to enhance cooperation among the United States, Haiti, and other nations in the Caribbean and the Western Hemisphere.

Paragraph (2) of this section states that Haiti's political, economic, and social problems will require determined and sustained effort by the Haitian people over a long period and will require significant amounts of external assistance from the United States and other donor states and organizations.

Paragraph (3) of this section states that it is the intent of the United States to provide appropriate support for the development of Haiti, which is a close neighbor, committed to the establishment of a democratic government, but remains one of the world's poorest countries.

Section 202—Economic assistance for Haiti

Subsection (a) earmarks $109 million in economic assistance for Haiti in fiscal year 1987 as follows:

(1) Not less than $36 million in economic support funds;

(2) Not less than $37 million in development assistance which shall be used to support a transition to democracy in Haiti, emphasizing job creation, rural development, health care and sanitation, small scale irrigation, reforestation and land conservation, and literacy education. Such assistance should reflect the need to distribute development assistance resources more equitably among the various regions in Haiti in order to support sustainable development in all of Haiti;

(3) Not less than $35 million in Public Law 480; and

(4) Not less than $1 million for the Inter-American Foundation for programs in Haiti.

Subsection (b) of this section stipulates that the funds earmarked for Fiscal Year 1987 for Haiti for economic support and development assistance may be obligated only if the President determines that the interim Government of Haiti is:

(1) improving the human rights situation in Haiti;

(2) implementing its timetable for completion of a new constitution that promotes genuine democratic reforms and guarantees the fundamental principles of democracy;

(3) establishing a framework for free and open elections leading to a democratically-elected civilian government, which would include free and functioning political parties and associations, free labor unions, and freedom of the press;

(4) cooperating fully in implementing U.S. development, food and other economic assistance programs in Haiti (including programs for prior fiscal years);

(5) maintaining a system of fiscal accountability to ensure that all resources allocated to the development of Haiti are used in the most effective and efficient manner;

(6) continuing its investigation of alleged human rights abuses and corruption by the Duvalier government and is prosecuting, in accordance with due process, those responsible for human rights abuses and corruption;

(7) maintaining a free and independent judiciary system; and

(8) continuing to cooperate with the United States in halting illegal emigration to the United States from Haiti.

Subsection (c) of this section requires that economic support funds provided to the Haitian Government must be deposited in a segregated Haitian Government account and be maintained separate from other funds of the Government of Haiti. The purpose of this subsection, as required for the Philippines in section 103 of this act, is to provide better accountability for the use of ESF funds. Maintaining a segregated account for such funds will enhance the ability of auditors to monitor the expenditure of these funds, by providing an improved audit "trail". As in the case of the Philippines, this provision was included to address problems encountered in the use of ESF funds by the previous Haitian Government.

Subsection (d) of this section increases the fiscal year 1987 authorization for the Inter-American Foundation (IAF) by $1 million to accommodate the earmarking of IAF funds for Haiti. Other foreign assistance authorization levels are reduced elsewhere in the bill to offset this increase.

Section 203—Military training and other non-lethal assistance for Haiti

Subsection (a) imposes a ceiling of $4 million in grant military assistance and international military education and training, and restricts material assistance to nonlethal items (such as transportation equipment, communications equipment, and uniforms) which may be made available to the Government of Haiti in fiscal year 1987. This section supersedes the provision in existing law (section 705(e) of the International Security and Development Cooperation Act of 1985) which limits the use of grant military assistance to the Government of Haiti to combatting illegal emigration and illicit trafficking in narcotics and dangerous drugs.

Subsection (b) of this section stipulates that grant military assistance, and education and training funds may be obligated to the Government of Haiti only if the President certifies the existence of the following conditions to Congress:

(1) the Government of Haiti has submitted a formal request to the United States specifying a comprehensive plan for the reform and reorganization of the mission, command, and control structures of the Haitian Armed Forces consistent with a transition to democracy, the rule of law, constitutional government, and a elected civilian government. Such plan should include a publicly announced commitment by the Armed Forces of Haiti to abide by international human rights standards and adoption of a code of conduct to assure adherence to these standards; and

(2) the Government of Haiti is making substantial efforts:

(A) to prevent the involvement of the Haitian Armed Forces in human rights abuses and corruption by removing from those forces and prosecuting, in accordance with due process, those military personnel responsible for the human rights abuses and corruption;

(B) to ensure that freedom of speech and assembly are respected;

(C) to conduct investigations into the killings of unarmed civilians in Gonaives, Martissant, and Fort Dimanche, to prosecute, in accordance with due process, those responsible for those killings and to prevent any similar occurrences in the future;

(D) to provide education and training to the Haitian Armed Forces with respect to internationally recognized human rights and the political and civil rights essential to democracy, in order to enable those forces to function consistent with those rights; and

(E) to take steps to implement the policy of the Government of Haiti requiring former members of the Volunteers for National Security (VSN) to turn in their weapons and to take the necessary actions to enforce this requirement.

Subsection (c) of this section requires that, not later than 3 months after the President submits his certification under subsection (b) of this section and every 3 months thereafter, the President shall report to the Congress that the actions of the Government of Haiti are consistent with each of the objectives specified in subsection (b). Half of the assistance provided pursuant to subsection (a) shall be withheld from delivery until the President submits the first such report.

, Subsection (d) of this section requires that military assistance, and military education and training funds made available in fiscal year 1987 may be obligated only if the Committee on Appropriations and the Committee on Foreign Affairs of the House of Representatives and the Committee on Appropriations and the Committee on Foreign Relations of the Senate are notified 15 days in advance.

TITLE III—AUTHORIZATION LEVELS FOR CERTAIN FOREIGN ASSISTANCE PROGRAMS

Section 301—International narcotics control

This section increases the fiscal year 1987 authorization for international narcotics control from $57.529 million to the executive

branch request level of $65.445 million. Funds are reduced elsewhere in the bill to accommodate this increase.

The committee included this increase despite severe budget restrictions given the magnitude of the narcotics problem and the need for additional resources to address this problem through an international program. The committee, however, intends to monitor the effectiveness and expenditures of this program closely, to ensure that funds are provided only to those countries which have demonstrated a substantial commitment to narcotics control.

Section 302—Child Survival Fund

This section increases the fiscal year 1987 authorization for the Child Survival Fund from $25 million to $75 million. This increase reflects the priority which the committee attaches to this program, and its demonstrated effectiveness. Funds are reduced elsewhere in the bill to accommodate this increase.

The committee intends that this additional authority be used to carry out the requirements set forth in section 305 of the International Security and Development Cooperation Act of 1985, which expresses the expectation of Congress that AID will achieve the goal of immunization by January 1, 1991, of at least 80 percent of all the children in those countries in which the Agency has a program. Further, the committee notes that Congress has recognized in section 305 that the distribution of vaccines and the salts for oral rehydration are major objectives of the health assistance program.

Section 303—Authorizing a separate line item appropriation for the Inspector General of the Agency for International Development

This section establishes a separate authorization of $18.189 million for fiscal year 1987 for the Inspector General of AID.

Current authorization law does not provide such a separate authorization for the Inspector General, which has been funded out of the general operating expense account for AID. This provision was added in recognition of the importance of maintaining an independent status for the Inspector General's Office particularly in light of severe budget restraints. This section does not involve any increase in funds.

Section 304—Offsetting reductions

This section reduces certain accounts in order to provide the increased authorizations for the Inter-American Foundation for programs in Haiti, international narcotics control, and the Child Survival Fund. Development assistance for health programs was reduced to $180 million for fiscal year 1987, and voluntary contributions to international organizations and programs was reduced to $236.084 million. The reduced authorizations for these two programs will still be adequate to cover anticipated appropriations levels for these accounts.

The committee notes that the reduction in authorization levels for the health account does not reflect a lack of interest or priority in this important program, but rather the fact that substantial child survival activities have prevously been funded from the health account.

REQUIRED REPORTS SECTION

COST ESTIMATE

The committee agrees with the cost estimate submitted by the Congressional Budget Office and set forth below.

INFLATIONARY IMPACT STATEMENT

In assessing the inflationary impact of the authorizations contained in H.R. 5081, as amended, the committee notes that the legislation authorizes the appropriation of an additional $250 million for budget support for the Government of the Philippines in fiscal year 1986. The authorizations provided for Haiti, international narcotics control assistance and the child survival fund in fiscal year 1987 are offset by reductions in other existing fiscal year 1987 accounts.

As such, these authorizations have little, if any, impact on inflationary forces.

STATEMENTS REQUIRED BY CLAUSE 2 (l) (3) OF HOUSE RULE XI

(a) Oversight findings and recommendations

Among the principal oversight activities on which the committee based its approval of H.R. 5081, as amended, have been:

Extensive hearings and review of the situation in the Philippines by the Subcommittee on Asian and Pacific Affairs;

Numerous Washington-based and field studies reviewing the situation in Haiti and the Philippines by members and staff; and

Ongoing consultation between the committee members and staff and executive branch officials concerning the various issues addressed in this legislation.

(b) Budget, spending and credit authority

The enactment of H.R. 5081, as amended, does not create any new budget, spending, or credit authority.

(c) Committee on Government Operations summary

No oversight findings and recommendations which relate to the provisions in H.R. 5081, as amended, have been received from the Committee on Government Operations under clause 4(c)(2) of House rule X.

(d) Congressional Budget Office cost estimate

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 29, 1986.

Hon. DANTE B. FASCELL,
Chairman, Committee on Foreign Affairs,
U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate on the Assistance for Democracy Act of 1986 as ordered reported by the House Committee on Foreign Affairs on July 23, 1986.

Should the committee so desire, we would be pleased to provide further details on the attached cost estimate.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

July 29, 1986.

1. Bill number: H.R. 5081.
2. Bill title: Assistance for Democracy Act of 1986.
3. Bill status: As ordered reported by the House Committee on Foreign Affairs on July 23, 1986.
4. Bill purpose: Title I of this bill authorizes the appropriation of an additional $250 million in economic and military assistance to the Philippines in fiscal year 1986. Title II earmarks $108 million of previously authorized funds to Haiti and increases the authorization for the Inter-American Foundation for fiscal year 1987 by $1 million. Title III authorizes an additional $50 million for the Child Survival Fund, $7.9 million for International Narcotics Control, and earmarks $18.2 million for operating expenses for the office of the inspector general of the Agency for International Development. The authorizations for these latter three programs are offset by reductions to authorizations in the International Security and Development Cooperation Act of 1985.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1986	1987	1988	1989	1990
Authorization amount	400	0			
Less appropriation	150				
Net authorization	250	0			
Estimated outlays	250	2	0	0	0

Costs for this bill fall within budget function 150.

BASIS FOR ESTIMATE

This estimate assumes enactment of this legislation by September, 1986 and subsequent appropriation of the additional amounts authorized for fiscal years 1986 and 1987.

Of the $400 million authorization to the Philippines in title I, $150 million were appropriated in the fiscal year 1986 supplemental (Public Law 99-349). The additional $250 million is for budget support and the bill directs this amount to be paid to the Government of the Philippines before October 1, 1986.

Included in title II, along with the earmarked money for Haiti, is an increased authorization of $1 million for the Inter-American Foundation. This $1 million, when combined with the additional authorizations in Title III for the Child Survival Fund and International Narcotics Control equals the offsetting reductions shown in the table below.

Fiscal year 1987 net authorizations

	Thousands
Inter-American Foundation	$1,000
Child Survival Fund	50,000
International Narcotics Control	7,916
Development assistance for health programs	−25,000
International organizations and programs	−33,916
Net authorizations	0

Estimated outlays decrease from $2 million in fiscal year 1987 to negligible amounts in fiscal years 1988 through 1990 due to the different spendout rates of the offsetting reductions and the new authorizations.

6. Financing mechanism: This legislation authorizes funding for fiscal years 1986 and 1987 which is to be provided in subsequent appropriation bills. Such funding is discretionary and may be lower than the authorized amount. The cost estimate shows the net amount of budget authority that is authorized to be appropriated, and the estimated outlays that would be generated if the Congress chooses to fully fund the authorized amounts.

7. Estimate cost of State and local governments: None.

8. Estimate comparison: None.

9. Previous CBO cost estimate: None.

10. Estimate prepared by: Kent R. Christensen.

11. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed in shown in roman):

Section 401 of the Foreign Assistance Act of 1969

Sec. 401. Inter-American Foundation.—(a) * * *

* * * * * * * *

(s)(1) * * *

(2) There are authorized to be appropriated $11,969,000 for fiscal year 1986 and [$11,969,000] *$12,969,000* for fiscal year 1987 to carry out the purposes of this section. Amounts appropriated under this paragraph are authorized to remain available until expended.

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Foreign Assistance Act of 1961

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PART I

Chapter 1—Policy; Development Assistance Authorizations

* * * * * *

SEC. 104.—POPULATION AND HEALTH.—(a) * * *

* * * * * * *

(c) ASSISTANCE FOR HEALTH AND DISEASE PREVENTION.—(1) * * *

(2)(A) In carrying out the purposes of this subsection, the President shall promote, encourage, and undertake activities designed to deal directly with the special health needs of children and mothers. Such activities should utilize simple, available technologies which can significantly reduce childhood mortality, such as improved and expanded immunization programs, oral rehydration to combat diarrhoeal diseases, and education programs aimed at improving nutrition and sanitation and at promoting child spacing. In carrying out this paragraph, guidance shall be sought from knowledgeable health professionals from outside the agency primarily responsible for administering this part. In addition to government-to-government programs, activities pursuant to this paragraph should include support for appropriate activities of the types described in this paragraph which are carried out by international organizations (which may include international organizations receiving funds under chapter 3 of this part) and by private and voluntary organizations, and should include encouragement to other donors to support such types of activities.

(B) In addition to otherwise available for such purpose, there are authorized to be appropriated to the President $25,000,000 for fiscal year 1986 and [$25,000,000] *$75,000,000* for fiscal year 1987 for use in carrying out this paragraph. Amounts appropriated under this subparagraph are authorized to remain available until expended.

(C) Appropriations pursuant to subparagraph (B) may be referred to as the "Child Survival Fund."

* * * * * * *

(g) AUTHORIZATIONS OF APPROPRIATIONS.—(1) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

(A) * * *

(B) $205,000,000 for fiscal year 1986 and [$205,000,000] *$180,000,000* for fiscal year 1987 to carry out subsection (c) of this section.

* * * * * * *

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

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SEC. 302. AUTHORIZATION.—(a)(1) There are authorized to be appropriated to the President, $270,000,000 for fiscal year 1986 and [$270,000,000] *$236,084,000* for fiscal year 1987 for grants to carry out the purposes of this chapter, in addition to funds available under other Acts for such purposes. Of the amount appropriated for each of the fiscal years 1986 and 1987 pursuant to these authorizations—

(A) * * *

* * * * * * *

CHAPTER 8—INTERNATIONAL NARCOTICS CONTROL

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SEC. 482. AUTHORIZATION.—(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President $57,529,000 for fiscal year 1986 and [$57,529,000] *$65,445,000* for fiscal year 1987.

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PART III

* * * * * * *

CHAPTER 3—MISCELLANEOUS PROVISIONS

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SEC. 667. OPERATING EXPENSES.—(a) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

(1) $387,000,000 for the fiscal year 1986 and $387,000,000 for the fiscal year 1987 for necessary operating expenses of the agency primarily responsible for administering part I of this Act, *of which $18,189,000 for the fiscal year 1987 is authorized for the necessary operating expenses of the Office of the Inspector General of the Agency for International Development and the remaining amount for that fiscal year is authorized for other necessary operating expenses of that agency*; and

* * * * * * *

APPENDIX—COMMITTEE AMENDMENTS

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 5081 ADOPTED BY THE HOUSE COMMITTEE ON FOREIGN AFFAIRS

Strike out all after the enacting clause and inset in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Assistance for Democracy Act of 1986".

TITLE I—PROMOTING DEMOCRACY IN THE PHILIPPINES

SEC. 101. FINDINGS CONCERNING THE PHILIPPINES.

The Congress finds that—

(1) the restoration of democracy through the inauguration of President Corazon Aquino provides the Philippines with an opportunity to rebuild the social and economic institutions necessary to achieve growth, prosperity, and stability for the benefit of the people of the Philippines and the countries of the entire region; and

(2) the economic and security issues confronting the Philippines make the task of achieving these objectives extremely difficult, depending in significant measure on—

(A) the ability of the Government of the Philippines to undertake significant economic and military reforms, and

(B) the willingness of the United States and other supporters of democracy to assist the Government of the Philippines in those efforts.

SEC. 102. AUTHORIZATIONS OF ADDITIONAL ECONOMIC AND MILITARY ASSISTANCE FOR THE PHILIPPINES.

In addition to amounts otherwise authorized to be appropriated for such purposes, the following amounts are authorized to be appropriated to the President for the fiscal year 1986 for assistance for the Philippines:

(1) ECONOMIC SUPPORT FUND.—Assistance under chapter 4 of part II of the Foreign Assistance Act of 1961—

(A) $100,000,000, plus

(B) an additional $250,000,000 to be paid before October 1, 1986, to the Government of the Philippines on a grant basis for budget support, except that $1,050,000 of this amount shall be transferred to the Peace Corps for programs in the Philippines under the Peace Corps Act.

(2) GRANT MILITARY ASSISTANCE.—Assistance under chapter 2 of part II of the Foreign Assistance Act of 1961, $50,000,000.

SEC. 103. REQUIREMENT FOR SEGREGATED ACCOUNT FOR ECONOMIC ASSISTANCE FUNDS.

Economic assistance funds authorized to be appropriated by paragraph (1) of section 102 of this Act may be paid to the Government of the Philippines only if the Government of the Philippines will maintain those funds in a separate account and not commingle them with other funds.

SEC. 104. PROHIBITION ON USE OF PREVIOUSLY APPROPRIATED FUNDS TO PROVIDE ADDITIONAL ECONOMIC ASSISTANCE FOR THE PHILIPPINES.

The additional appropriations for economic assistance for the Philippines authorized by paragraph (1)(B) of section 102 may not be derived (by transfer or other means) from funds previously appropriated for other purposes.

SEC. 105. REPEAL OF LIMITATIONS.

Subsections (d) and (e) of section 901 of the International Security and Development Cooperation Act of 1985 (relating to amounts of assistance and prohibiting lethal assistance for the Philippines) are repealed.

SEC. 106. FILIPINO-AMERICAN CONTRIBUTIONS OF PROFESSIONAL SERVICES TO ASSIST DEVELOPMENT EFFORTS IN THE PHILIPPINES.

The Congress urges the Administrator of the Agency for International Development to use funds allocated for development assistance purposes in the Philippines to support programs of private and voluntary organizations pursuant to which Filipino-Americans with appropriate professional expertise serve in the Philippines on a volunteer basis, using the expertise to assist economic and social development efforts in areas of the greatest need.

TITLE II—PROMOTING DEMOCRACY IN HAITI

SEC. 201. FINDINGS CONCERNING HAITI.

The Congress finds that—

(1) the establishment of an interim government in Haiti committed to a restoration of democracy provides Haiti with an opportunity to build the political, social, and economic institutions necessary to promote Haiti's development, to provide a better future for the people of Haiti, and to provide the framework for more effective mutual cooperation with the United States, Haiti's neighbor in the Caribbean, and the other nations of the Hemisphere;

(2) the magnitude of the political, economic, and social tasks facing the people of Haiti will make the achievement of a better future a difficult task which will require a determined and sustained effort by the Haitian people over a long period of time and will require significant external assistance from the United States and other donors; and

(3) it is in the interest of the United States to provide appropriate support for the development of Haiti, a close neighbor which is one of the world's poorest nations and which is committed to the establishment of a democratic government.

SEC. 202. ECONOMIC ASSISTANCE FOR HAITI.

(a) EARMARKING OF FUNDS.—Of the amounts made available for economic assistance programs for fiscal year 1987, not less than $109,000,000 shall be available only for Haiti as follows:

(1) ECONOMIC SUPPORT FUNDS.—Not less than $36,000,000 of the amount made available to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 shall be for Haiti.

(2) DEVELOPMENT ASSISTANCE.—Not less than $37,000,000 of the amounts available to carry out sections 103 through 106 of the Foreign Assistance Act of 1961 shall be for Haiti. These funds shall be used to support a transition to democracy in Haiti, emphasizing job creation, rural development, health care and sanitation, small-scale irrigation, reforestation and land conservation, and literacy education. Assistance provided pursuant to this paragraph should reflect the need to distribute development assistance resources more equitably among the various regions in Haiti in order to support sustainable development in all of Haiti.

(3) FOOD FOR PEACE.—Not less than $35,000,000 of the amounts available to carry out titles I and II of the Agricultural Trade Development and Assistance Act of 1954 shall be for Haiti.

(4) INTER-AMERICAN FOUNDATION.—Not less than $1,000,000 of the amount available for the Inter-American Foundation shall be for Haiti.

(b) CONDITIONS ON ECONOMIC SUPPORT AND DEVELOPMENT ASSISTANCE.—Funds may be obligated for assistance for Haiti pursuant to paragraph (1) and (2) of subsection (a) only if the President determines that the interim Government of Haiti—

(1) is improving the human rights situation in Haiti;

(2) is implementing its timetable for completion of a new constitution that promotes genuine democratic reforms and guarantees the fundamental principles of democracy;

(3) is establishing a framework for free and open elections leading to a democratically-elected civilian government, which would include free and functioning political parties and associations, free labor unions, and freedom of the press;

(4) is cooperating fully in implementing United States development, food, and other economic assistance programs in Haiti (including programs for prior fiscal years);

(5) is maintaining a system of fiscal accountability to ensure that all resources allocated to the development of Haiti are used in the most effective and efficient manner;

(6) is continuing its investigation of alleged human rights abuses and corruption by the Duvalier government and is prosecuting, in accordance with due process, those responsible for human rights abuses and corruption;

(7) is maintaining a free and independent judiciary system; and

(8) is continuing to cooperate with the United States in halting illegal emigration to the United States from Haiti.

(c) REQUIREMENT FOR SEGREGATED ACCOUNT FOR ECONOMIC SUPPORT ASSISTANCE FUNDS.—Economic assistance funds earmarked by subsection (a)(1) may be paid to the Government of Haiti only if the Government of Haiti will maintain those funds in a separate account and not commingle them with other funds.

(d) CONFORMING AMENDMENT INCREASING AUTHORIZATION FOR INTER-AMERICAN FOUNDATION.—Section 401(a)(2) of the Foreign Assistance Act of 1969 is amended by striking out "$11,969,000 for fiscal year 1987" and inserting in lieu thereof "$12,969,000 for fiscal year 1987".

SEC. 203. MILITARY TRAINING AND OTHER NONLETHAL ASSISTANCE FOR HAITI.

(a) AUTHORIZATION OF ASSISTANCE.—Up to $4,000,000 of the amounts available for fiscal year 1987 to carry out chapter 2 of part II of the Foreign Assistance Act of 1961 (relating to grant military assistance) and chapter 5 of part II of that Act (relating to international military education and training) may be made available for Haiti for education, training, and other nonlethal assistance (such as transportation equipment, communications equipment, and uniforms), notwithstanding section 705(e) of the International Security and Development Cooperation Act of 1985.

(b) CONDITIONS ON MILITARY ASSISTANCE.—Funds made available pursuant to subsection (a) may be obligated only if the President certifies to the Congress the following:

(1) The Government of Haiti has submitted a formal request to the United States specifying a comprehensive plan for the reform and reorganization of the mission, command, and control structures of the Haitian armed forces consistent with a transition to democracy, the rule of law, constitutional government, and an elected civilian government. Such a plan should include a publicly announced commitment by the armed forces of Haiti to abide by international human rights standards and adoption of a code of conduct to assure adherence to these standards.

(2) The Government of Haiti is making substantial efforts—

(A) to prevent the involvement of the Haitian armed forces in human rights abuses and corruption by removing from those forces and prosecuting, in accordance with due process, those military personnel responsible for the human rights abuses and corruption;

(B) to ensure that freedom of speech and assembly are respected;

(C) to conduct investigations into the killings of unarmed civilians in Gonaives, Martissant, and Fort Dimanche, to prosecute, in accordance with due process, those responsible for those killings, and to prevent any similar occurrences in the future;

(D) to provide education and training to the Haitian armed forces with respect to internationally recognized human rights and the civil and political rights essential to democracy, in order to enable those forces to function consistent with those rights; and

(E) to take steps to implement the policy of the Government of Haiti requiring former members of the Volunteers for National Security (VSN) to turn in their weapons and to take the necessary actions to enforce this requirement.

(c) REPORTS.—Not later than three months after President submits his certification under subsection (b) and every three months thereafter, the President shall report to the Congress on the extent to which the actions of the Government of Haiti are consistent with each of objectives specified in subsection (b). Half of the assistance provided pursuant to subsection (a) shall be withheld from delivery until the President submits the first such report.

(d) NOTIFICATION TO CONGRESS.—Funds made available pursuant to subsection (a) may be obligated only if the Committee on Appropriations and the Committee on Foreign Affairs of the House of Representatives and the Committee on Appropriations and the Committee on Foreign Relations of the Senate are notified fifteen days in advance.

TITLE III—AUTHORIZATION LEVELS FOR CERTAIN FOREIGN ASSISTANCE PROGRAMS

SEC. 301. INTERNATIONAL NARCOTICS CONTROL.

Section 482(a)(1) of the Foreign Assistance Act of 1961 is amended by striking out "$57,529,000 for the fiscal year 1987" and inserting in lieu thereof "$65,445,000 for the fiscal year 1987".

SEC. 302. CHILD SURVIVAL FUND.

Section 104(c)(2)(B) of the Foreign Assistance Act of 1961 is amended by striking out "$25,000,000 for fiscal year 1987" and inserting in lieu thereof "$75,000,000 for fiscal year 1987".

SEC. 303. AUTHORIZING A SEPARATE LINE ITEM APPROPRIATION FOR THE INSPECTOR GENERAL OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT.

Section 667(a)(1) of the Foreign Assistance Act of 1961 is amended by inserting after "Act" the following: ", of which $18,189,000 for the fiscal year 1987 is authorized for the necessary operating expenses of the Office of the Inspector General of the Agency for International Development and the remaining amount for that fiscal year is authorized for other necessary operating expenses of that agency".

SEC. 304. OFFSETTING REDUCTIONS.

In order to provide the increased authorizations of appropriations contained in section 202(d), section 301, and section 302 without increasing the overall amount authorized to be appropriated for foreign assistance programs for fiscal year 1987—

(1) section 104(g)(1)(B) of the Foreign Assistance Act of 1961 (relating to development assistance for health programs) is amended by striking out "$205,000,000 for fiscal year 1987" and inserting in lieu thereof "$180,000,000 for fiscal year 1987"; and

(2) section 302(a)(1) of that Act (relating to international organizations and programs) is amended by striking out "$270,000,000 for fiscal year 1987" and insert in lieu thereof "$236,084,000 for fiscal year 1987".

Amend the title of the bill to read as follows:

A bill to promote democracy in the Philippines and Haiti, and for other purposes.

ADDITIONAL VIEWS OF HON. WILLIAM S. BROOMFIELD

Title I of this bill, as reported by the Foreign Affairs Committee, authorizes an additional $250 million in Economic Support Funds (ESF) for Fiscal Year 1986 for the Philippines. It authorizes $100 million in ESF and $50 million in grant military assistance (MAP), which amounts have already been appropriated in the FY 1986 supplemental appropriations bill signed into law on last July 2nd. I want to indicate my support for additional United States assistance for the Philippines. Moreover, I want to especially take note of the fine work which the AFL–CIO's Asian-American Free Labor Institute is doing to promote development through a democratic process in the Philippines. The Institute's work is supported with funding from the United States Agency for International Development (AID) and the National Endowment for Democracy (NED).

The economic, political, and security situation in the Philippines is still unstable, perhaps even precarious. However, it appears that the administration of President Aquino is moving to implement reforms designed to bring the Filipino people enhanced security and prosperity. President Aquino inherited from her predecessor an economy in serious disarray and facing significant problems. The Philippines finds itself with an external debt of approximately $26 billion, the equivalent of about $500 for each person in the country, according to testimony by Charles W. Greenleaf, Jr., Assistant Administrator in charge of the Bureau for Asia and the Near East of AID. That is a staggering burden when one considers that the per capita gross national product (GNP) in the Philippines is just $660 (in 1984 dollars), according to the World Bank's "World Development Report 1986." AID officials estimate that it will take about 40 percent of the Philippines' export earnings this year to service its external debt, even after debt rescheduling.

Unemployment in the Philippines is estimated at 15 percent, with another 35–40 percent of the workforce underemployed. In addition, although reliable, current data are difficult to come by, the Government of the Philippines estimates that perhaps as much as 70 percent of the Philippines are living below the poverty line, principally in rural areas.

However, as serious as the situation is, the Philippines is no "basket case". For one thing, Assistant AID Administrator Greenleaf has testified that our government's experts are "impressed with the high caliber of individuals President Aquino has chosen to make up her economic team. These people all have strong private sector backgrounds in business and finance, and have stated publicly the high value they place on the need to remove government controls and increase reliance on market forces to lead the country's economic recovery." With the apparent commitment of the new government to private sector-oriented economic reforms and with carefully coordinated assistance from the United States and

other donors, bilateral and multilateral, the Filipino people should have a good chance to build a prosperous and stable democratic society.

I also want to recognize the excellent work being done by the AFL–CIO's Asian-American Free Labor Institute in promoting a strong free labor movement in the Philippines through its assistance to the Trade Union Congress of the Philippines (TUCP). The TUCP is reportedly the largest and most representative trade union federation in the Philippines, with some 1.3 million members. This important Philippines labor organization has demonstrated its commitment to the democratic process and has consistently condemned violence by both extremes of the political spectrum.

In the midst of near-catastrophic economic conditions and political instability, and despite the assassination of many of its top leaders, the TUCP has been able to create innovative, income-generating projects for both members and non-members, with support from the Asian-American Free Labor Institute. These important projects demonstrate that democratic institutions, such as a free labor movement, can function effectively in bad times and can provide constructive alternatives to violence. It is important to continue our support for truly democratic labor organizations in the Philippines where the United States has long-recognized and obviously important national interests, not the least of which are our strategic access to Clark Air Force Base and Subic Naval Base. Regrettably, during this time of budget austerity, funds to continue our support for democratic labor institutions are scarce. I certainly hope that some modest amount of the funds authorized in this bill for aid to the Philippines can be used by the President for supporting the Asian-American Free Labor Institute's assistance programs in the critical county.

WM. S. BROOMFIELD.

ADDITIONAL VIEWS OF HON. JIM LEACH

I voted in favor of H.R. 5081 at both the Subcommittee and Full Committee markups, but have continuing reservations about Section 102 of the bill which authorizes $250 million more than the President requested in economic support funds (ESF) to the Philippines for this fiscal year.

There is no question the American people stand in awe of what the Filipino people, under the leadership of Mrs. Aquino, have done to bring about the peaceful restoration of democracy in the Philippines. Both the Administration and the Congress have demonstrated strong support for the new government of this crucial ally.

On April 23, 1986, the President announced a comprehensive package of U.S. economic and military assistance to the Aquino government, including a request to Congress for a FY '86 supplemental appropriation of $150 million ($100 million in ESF and $50 million in grant military aid (MAP)), an 83 percent increase over the average U.S. annual payment of ESF and military assistance to the Philippines. The President's package also included the accelerated disbursement of $200 million in already available ESF funds, the conversion of $100 million in development assistance loans to grants, an increase in PL 480 food assistance, and a number of other measures, including some intended to be responsive to the trade and investment problems of the Philippines.

The entire package proposed by the President represents nearly $600 million in benefits, apart from the other non-monetary trade and investment initiatives. Of that total, over $500 million is in the form of economic-related assistance.

Since the package was proposed, the Administration has taken steps to deliver the $200 million in ESF it already had available to the Philippines, and Congress has approved, and the President has signed into law, the legislation appropriating $150 million in supplemental ESF and MAP.

Subsequent to the Administration's initiative, a proposal for a second FY '86 supplemental of $250 million in ESF emerged in H.R. 5081. My most serious reservations about this approach relate to the size of the new authorization as well as the manner in which U.S. assistance is mandated to be provided by H.R. 5081.

Given the budget constraints in Washington, I am particularly concerned that the prospect of House and Senate approval of an appropriation to match an authorization of this magnitude is slim. Thus, holding out the promise to the Philippines of such a substantial grant without following through with delivery, runs the risk of undercutting U.S.-Philippine relations by unnecessarily raising false expectations.

Unlike the President's supplemental request, for which there were offsetting recissions in the Defense Department's budget, H.R.

5081 is explicitly intended to add $250 million to the federal budget deficit with no offsetting recessions.

For these reasons, I expect to offer on the House Floor an amendment which was defeated in Committee calling for a 20 percent ($50 million) cut in the authorization.

According to figures provided to the House by the Budget Committee on July 17, the Appropriations Committee is only $226 million below its allocation for budget authority for fiscal year 1986. It is doubtful the Appropriations Committee would approve the addition of a full $250 million more for the Philippines knowing it would put the House over the Budget Resolution ceiling. Adoption of this amendment brings proposed spending back under Budget Resolution guidelines, thus enhancing the prospect of Appropriations Committee consideration of the issue.

I will also seek to strike language from Section 102 which requires the Administration to simply turn over this additional ESF to the Philippines as general budget support. The $200 million in ESF provided to the Philippines last month was already devoted to that purpose and the Administration now has, as its ready disposal, another $100 million in ESF from the supplemental assistance approved by Congress, which similarly could be devoted to this purpose.

It should be stressed that not everything in the Philippines budget is deserving of American taxpayer consideration. In turning over the initial $200 million in June, the Administration made it clear that U.S. funds could be used only for mutually agreed priority budget categories such as education and health. Funds could not be used for budget support in such areas as government corporations, government-owned banks, and consumer subsidies.

The Philippine government is currently negotiating a new IMB agreement. It would be premature, before knowing the outcome of that process, to make a unilateral decision in Congress that the most appropriate course of action by the United States government is simply to write off another $250 million of that nation's budget deficit. The Administration testified in May that the United States is consulting with other aid donors to coordinate our efforts and to determine how much aid and under what terms it should be provided to the Philippines. It also expressed the view that the "development dialogue" with the Philippines is best pursued in a multilateral manner, which would include the IMF, the World Bank, the Asian Development Bank, Japan and others.

For that reason, I believe the requirement that this additional aid by used "carte blanche" for "budget support" should be stricken so as to give the Administration the flexibility and leverage it needs to channel U.S. aid resources in the right direction and under the right terms. My amendment would in no way prevent the Administration from using new ESF funds for budget support but it would stop short of forcing them to do so.

In closing, I believe the Philippines deserves as generous support as we can afford. However, I think H.R. 5081 exceeds practical limits and hope the House will favorably consider to put reasonable restraints on our foreign aid.

JIM LEACH.

DISSENTING VIEWS OF HON. TOBY ROTH AND HON. GERALD B.H. SOLOMON

Without in any way disparaging the intentions of those Members who are sponsoring H.R. 5081, we feel compelled to oppose it, nevertheless. We do so for reasons that are both political and practical.

As to the political reasons, we would suggest that supplemental assistance for the Philippines of the magnitude that is being proposed in this bill raises serious questions about the capacity of the Philippines to absorb such aid. Moreover, given the fact that the hour is already late in this fiscal year, our Government will essentially have to hand over cash to the Philippines if this bill is enacted.

Only last month the House passed a Conference Report on supplemental appropriations that contained in full the Reagan Administration's request for an additional $100 million in Economic Support Funds for the Philippines in FY '86, as well as an additional $50 million in military grants. This amounts to additional aid for the Philippines, this fiscal year, of $150 million.

On top of this additional aid, the Administration has accelerated the disbursement of $200 million in ESF already in the pipeline. Secretary of State Shultz was in Manila last month to facilitate the immediate transfer of these funds. Moreover, the Administration is converting $100 million in development assistance loans into grants, and our P.L. 480 program in the Philippines is being expanded. These and other initiatives launched by the Administrtion, plus the supplemental appropriations already passed by Congress, add up to a package of more than $500 million for this fiscal year. We have provided the Philippines with more than one-half billion dollars for this fiscal year—just since February!

Now H.R. 5081 comes along and proposes to add yet another $250 million. Congress would be well-advised to hold off for the time being the commitment of any additional aid to the Philippines until we can see how the current aid is being disbursed.

Make no mistake: We strongly support the unconditional provision of U.S. aid to the Philippines, consistent with the term of the Bases Agreement. Our government has a contractual obligation to the government of the Philippines that must be honored. But what Congress is considering under this bill is a substantial aid package that is far and above what our government is required to give under the Bases Agreement. It is only fair and reasonable that this additional aid be subject to the same kind of Congressional scrutiny and skepticism that has been applied in the past concerning aid for the Philippines.

Our government encouraged the Marcos regime to institute economic, military, and political reforms. The same conditions must still apply with respect to any further U.S. assistance to the Philippines. We would hope that the government of the Philippines

would follow a pragmatic course in re-structuring the economy, as well as in cooperating with international lending institutions. Wouldn't it be wise to hold off on additional aid for the Philippines until the International Monetary Fund has concluded its study of the government's new budget and has come to terms on a stabilization agreement?

As noted earlier, this bill proposes essentially a cash transfer—a direct transfer of money from our Treasury to the government of the Philippines. We have always been skeptical of using this kind of method in our foreign aid to any country. And we have consistently opposed front-loading our aid package to the Philippines with ESF, which is exactly what this bill would do. We have always opposed this approach, regardless of who was in power in the Philippines.

This bill proposes the novel idea of increasing our own deficit in order to lower the Philippines' deficit. We would suggest that the $1.1 billion shortfall in the Philippines' budget and that country's $26 billion external debt are neither the fault nor the responsibility of the American taxpayer. To justify the kind of raid on our Treasury that this bill proposes to make, particularly during a time of difficult budgetary stringency in our own country, seems to us extraordinarily pretentious.

As to the practical reasons for opposing this bill, it is already late in the game for FY '86. Given the heavy load of appropriations bills yet to come before the House between now and the end of the session, we seriously doubt whether this bill stands a realistic chance of eventually being enacted. The Senate must also act. And, as every Member knows, there is a tremendous tug of war now underway over scarce budgetary resources. Our foreign aid programs are being gutted, except those for a handful of countries that have been made exempt from the Gramm/Rudman/Hollings process. The Philippines is not one of those countries.

Is it wise to hold out the prospect of this additional aid to the government of the Philippines when the likelihood of eventually enacting this bill is not promising to start with?

In conclusion, we would just emphasize that the time has come for all interested parties—Congress, the Reagan Administration, and the government of the Philippines—to begin considering a more comprehensive strategy in rebuilding the economy of the Philippines. Yes, aid is important. But equally as important are trade and investment.

The government of the Philippines must demonstrate that it can promote a climate that encourages private investment from within the country itself, as well as from the United States and other friendly nations. It goes without saying that continued waffling by the government of the Philippines about the status of our bases there, the continued doubts being raised about a permanent American presence in the Philippines, are not the way to inspire investor confidence in the future of that country.

There is much that we can do to help the Philippines. But the United States cannot do as much as what the Philippines needs to do for itself.

TOBY ROTH.
JERRY SOLOMON.

SUPPLEMENTARY VIEWS OF HON. DOUG BEREUTER

Should the funds stipulated in this bill be appropriated, it would bring the total assistance package for the Philippines for FY 1986 to approximately $641 million. This is in addition to substantial amounts—perhaps as much as $200 million—in the pre-FY 1986 pipeline. While I recognize the strategic importance of the U.S. military bases in the Philippines and share the good wishes of all Americans for President Aquino as she sets about the task of restoring democracy in her homeland, this level of funding nevertheless is excessive. Legitimate questions have been raised about Manila's ability to absorb this amount of aid. It is important to note that, given the extremely tight budgetary situation in the foreign assistance accounts, such large commitments of funds to the Philippines will severely penalize assistance programs in other parts of the world.

This Member, in principle, strongly supports the provision of assistance funds to Haiti. However, because assistance to Haiti was included as Title II in this legislation, I must be on record as opposing it. In my opinion it was unfortunate that aid to Haiti was tied to the Philippine resolution.

DOUG BEREUTER.